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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SIL-01 LAB-04 USIA-06 CIAE-00
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EO 11652: NA
TAGS: ECON UR ELAB
SUBJECT: BROAD-BASED WAGE INCREASE IMPLEMENTED

1. THE CENTRAL PRESS, ON DECEMBER 28, REPORTED A DECREE OF THE CPSU CENTRAL COMMITTEE, THE USSR COUNCIL OF MINISTERS, AND THE CENTRAL COUNCIL OF TRADE UNIONS TO INCREASE WAGES AND SALARIES OF 31 MILLION SOVIET EMPLOYEES BY AN AVERAGE OF 18 PERCENT. THE MINIMUM WAGE OF INDUSTRIAL AND OFFICE WORKERS WILL BE RAISED AND THERE WILL BE A SIMULTANEOUS INCREASE IN THE RATES AND SALARIES OF MEDIUM-INCOME CATEGORIES OF PERSONNEL EMPLOYED IN THE NON-PRODUCTION BRANCHES OF THE ECONOMY. STATE EXPENDITURES FOR THE SALARY INCREASE WILL EXCEED 7 BILLION RUBLES ANNUALLY.

2. THE NEW RATES AND SALARIES ARE TO BE INTRODUCED BY REGION. THE PROCESS WILL BEGIN IN THE FAR NORTH, FAR EAST, SIBERIA, AND IN THE NORTH OF THE EUROPEAN PART OF THE USSR FROM DECEMBER, 1976-FEBRUARY, 1977. IN DECMEBER, 1977 THE INCREASES WILL BE EFFECTED IN THE RUALS, KAZAKHSTAN, CENTRAL ASIA, AND THE VOLGA VALLEY REGION. THE CATEGORIES OF EMPLOYEES AFFECTED WHICH WERE SPECIFICALLY MENTIONED IN THE PRESS ANNOUNCEMENT WERE HEAVILY IN THE SERVICE SECTOR--EDUCATION,
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PUBLIC HEALTH, SOCIAL SERVICES, ETC.

3. COMMENT: THE TENTH FIVE YEAR PLAN (1976-80) GUIDELINES APPROVED LAST MARCH CALLED FOR AN INCREASE OF 16-18 PER-CENT IN THE AVERAGE WAGES OF INDUSTRIAL AND OFFICE WORKERS. THUS THE ANNOUNCED INCREMENT IS AT THE HIGH

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END OF THE RANGE. NOTEWORTHY IS THE INTRODUCTION FIRST OF THE SALARY INCREASES IN AREAS WHERE LIVING CONDITIONS ARE MOST DIFFICULT, THUS INTENDED AS AN ADDITIONAL INCENTIVE TO ATTRACT LABOR RESOURCES, ESPECIALLY IN THE SERVICE CATEGORY, TO THESE INHOSPITABLE CLIMES. PRESUMABLY, THE FULL INCREMENT WILL BE PAID AT ONCE SO THAT AN AVERAGE 18 PERCENT SALARY INCREASE COULD REPRESENT AN ENTICING INDUCEMENT. (THIS IS REFLECTED IN THE RELATIVE SPEED OF IMPLEMENTATION OF THE SALARY INCREASES LESS THAN TWO MONTHS AFTER FINAL APPROVAL OF THE TENTH PLAN.) HOWEVER, AVAILABILITY OF GOODS WANTED ON THE MARKET IN THESE AREAS MAY NOT BE INCREASED IN CONJUNCTION WITH THE AUGMENTED PURCHASING POWER, AND THE PROSPECT OF GETTING A PAY INCREASE ONE OR TWO YEARS EARLIER MAY BE INADEQUATE TO ACHIEVE THE INTENDED OBJECTIVE.

4. THE NEW SALARY INCREASES MAY ALSO BE INTRODUCED DURING THE PLAN PERIOD IN THE HOPE THAT THEY WILL HELP TO IMPROVE LABOR PRODUCTIVITY BUT THEY ARE BEING IMPLEMENTED IN SECTORS WHERE MEASUREMENT OF PRODUCTIVITY IS NOTORIOUSLY DIFFICULT.
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